

SERFF Tracking Number: ARKS-125725076 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104937 \$300  
Company Tracking Number: HO-2008-OFRWE  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners Program  
Project Name/Number: /

## Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: Homeowners Program	SERFF Tr Num: ARKS-125725076	State: Arkansas
TOI: 04.0 Homeowners	SERFF Status: Closed	State Tr Num: #104937 \$300
Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations	Co Tr Num: HO-2008-OFRWE	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Becky Harrington, Betty Montesi
	Author:	Disposition Date: 07/09/2008
	Date Submitted: 07/08/2008	Disposition Status: Approved
Effective Date Requested (New): 01/01/2009		Effective Date (New): 01/01/2009
Effective Date Requested (Renewal): 01/01/2009		Effective Date (Renewal): 01/01/2009

State Filing Description:

Water Exclusion Endorsements clarification of flood in water damage exclusion language regardless of cause. added dams, levees.

## General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 07/09/2008	
State Status Changed: 07/09/2008	Deemer Date:
Corresponding Filing Tracking Number: HO-2008-OHPRU	
Filing Description:	
Added HO 16 09 and HO 16 10 Water Exclusion endorsements; amended HO 04 95 Water Back-up endorsement.	

## Company and Contact

SERFF Tracking Number: ARKS-125725076 State: Arkansas  
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners Program  
Project Name/Number: /

**Filing Contact Information**

NA NA, NA@NA.com  
NA (123) 555-4567 [Phone]  
NA, AR 00000

**Filing Company Information**

00006 - INSURANCE SERVICES OFFICE, INC. CoCode: 6 State of Domicile: Arkansas  
No Address Group Code: Company Type:  
City, AR 99999 Group Name: State ID Number:  
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999  
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**Filing Fees**

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

SERFF Tracking Number: ARKS-125725076 State: Arkansas  
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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Becky Harrington	07/09/2008	07/09/2008

SERFF Tracking Number: ARKS-125725076 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104937 \$300  
Company Tracking Number: HO-2008-OFRWE  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners Program  
Project Name/Number: /

## Disposition

Disposition Date: 07/09/2008

Effective Date (New): 01/01/2009

Effective Date (Renewal): 01/01/2009

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125725076 State: Arkansas  
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 Company Tracking Number: HO-2008-OFRWE  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners Program  
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	ARKS-125725076		Yes
Form	Water Exclusion	Approved	Yes
Form	Water Exclusion	Approved	Yes
Form	Water Back-Up and Sump Discharge or Overflow	Approved	Yes

SERFF Tracking Number: ARKS-125725076 State: Arkansas  
 Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104937 \$300  
 Company Tracking Number: HO-2008-OFRWE  
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
 Product Name: Homeowners Program  
 Project Name/Number: /

## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Water Exclusion	HO 16 09	01 09	Endorsement/Amendment/Conditions New			
Approved	Water Exclusion	HO 16 10	01 09	Endorsement/Amendment/Conditions New			
Approved	Water Back-Up and Sump Discharge or Overflow	HO 04 95	01 09	Endorsement/Amendment/Conditions Replaced	Replaced Form #: Previous Filing #:		



SERFF Tracking Number: ARKS-125725076 State: Arkansas  
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104937 \$300  
Company Tracking Number: HO-2008-OFRWE  
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations  
Product Name: Homeowners Program  
Project Name/Number: /

## Supporting Document Schedules

### Review Status:

**Satisfied -Name:** ARKS-125725076

07/09/2008

**Comments:**

**Attachment:**

ARKS-125725076.pdf

ARKS-125725076

BH



2828 E. TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006  
TEL: (214) 390-1825 FAX: (214) 390-1975

# 104937  
300.00

Kenneth J. Hill, CPCU  
Regional Director, Government Relations

June 27, 2008

Honorable Julie Benafield Bowman  
Commissioner of Insurance  
Arkansas Insurance Department  
1200 West Third Street  
Little Rock, Arkansas . 72201-1904

Approved until withdrawn  
or revoked

JUL 09 2008

Arkansas Insurance Department  
By: *BA*

Attention: William R. Lacy, Director  
Property and Casualty Division

RE: Insurance Services Office, Inc.  
HO-2008-OFRWE  
Homeowners  
Introduction of Multistate Water Exclusion Endorsements  
State of Arkansas

Dear Mr. Lacy:

On behalf of those participating insurers that have authorized Insurance Services Office, Inc. to do so, we hereby file the captioned filing.

It is proposed that this revision will become effective in accordance with the following rule of application:

These changes are applicable to all policies written on or after January 1, 2009.

Companion rules filing HO-2008-OHPRU is also submitted today under separate cover.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,

*Donald J. Beckel*

Donald J. Beckel, CPCU, ARM  
Assistant Regional Manager  
Government Relations

DJB:dlb  
Encl.

RECEIVED

1 JUL 08 2008

PROPERTY AND CASUALTY DIVISION  
ARKANSAS INSURANCE DEPARTMENT

**Property & Casualty Transmittal Document**

<p><b>1. Reserved for Insurance Dept. Use Only</b></p> <p style="text-align: center;">Approved until withdrawn or revoked</p> <p style="text-align: center; font-size: 1.2em;">JUL 09 2008</p> <p style="text-align: center;">Arkansas Insurance Department By <i>[Signature]</i></p>	<p><b>2. Insurance Department Use only</b></p> <p>a. Date the filing is received:</p> <p>b. Analyst:</p> <p>c. Disposition:</p> <p>d. Date of disposition of the filing: <span style="font-size: 1.5em; font-weight: bold;">RECEIVED</span></p> <p>e. Effective date of filing:</p> <table style="width:100%; border: none;"> <tr> <td style="border: none;">New Business</td> <td style="border: none; text-align: right;">JUL 08 2008</td> </tr> <tr> <td style="border: none;">Renewal Business</td> <td style="border: none;"></td> </tr> </table> <p>f. State Filing #: <span style="float: right;">PROPERTY AND CASUALTY DIVISION</span></p> <p>g. SERFF Filing #: <span style="float: right;">ARKANSAS INSURANCE DEPARTMENT</span></p> <p>h. Subject Codes</p>	New Business	JUL 08 2008	Renewal Business	
New Business	JUL 08 2008				
Renewal Business					

<b>3. Group Name</b>	<b>Group NAIC #</b>			
<b>4. Company Name(s)</b>	<b>Domicile</b>	<b>NAIC #</b>	<b>FEIN #</b>	<b>State #</b>
Insurance Services Office, Inc.	DE		13-3131412	

<b>5. Company Tracking Number</b>	HO-2008-OFRWE
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com
7. Signature of authorized filer		<i>[Signature]</i>		
8. Please print name of authorized filer		Donald J. Beckel		

**Filing information** (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>	04.0 - Homeowners
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	04.0000
<b>11. State Specific Product code(s)</b> (if applicable)[See State Specific Requirements]	
<b>12. Company Program Title</b> (Marketing title)	Homeowners 2000
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14. Effective Date(s) Requested</b>	New: 01-01-09    Renewal: 01-01-09
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16. Reference Organization</b> (if applicable)	Not Applicable
<b>17. Reference Organization # &amp; Title</b>	Not Applicable
<b>18. Company's Date of Filing</b>	6/27/08
<b>19. Status of filing in domicile</b>	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

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**Property & Casualty Transmittal Document---**

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	HO-2008-OFRWE
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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This filing introduces endorsements to replace the current Water Exclusion in ISO policies for the Homeowners Policy Program.

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: 104937  
Amount: \$ 300.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

\*\*\*Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

### FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)  
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		HO-2008-OFRWE		
2.	This filing corresponds to rate/rule filing number <small>(Company tracking number of rate/rule filing, if applicable)</small>		HO-2008-OHPRU		
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Water Exclusion Endorsement	HO 16 09 01 09	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Water Exclusion Endorsement	HO 16 10 01 09	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Water Back-Up And Sump Discharge Or Overflow	HO 04 95 01 09	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	HO 04 95 10 00	
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

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**Insurance Services Office, Inc.**  
**Policy and Endorsement Certification Form**

State of: Arkansas Filing Designation #: HO-2008-OFRWE

ISO Program on File (edition): Homeowners 2000

Forms/Endorsements Affected:

HO 04 95 01 09 Water Back-Up And Sump Discharge Or Overflow

HO 16 09 01 09 Water Exclusion Endorsement

HO 16 10 01 09 Water Exclusion Endorsement

Proposed Effective Date: 01-01-2009

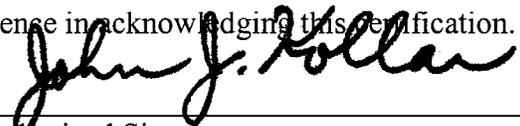
**OR**

Proposed Distribution Date: \_\_\_\_\_

This is to certify that the above captioned form(s) meet the minimum readability requirements specified under **ARK. INS. RULE & REG. 29 § 5.**

If a proposed effective date is shown above, we are certifying on behalf of participating insurers adopting these ISO forms. We believe that this procedure will be administratively beneficial and in full compliance with the requirements.

An extra copy of this letter is enclosed for your convenience in acknowledging this certification.



\_\_\_\_\_  
Authorized Signature

John J. Kollar  
\_\_\_\_\_  
Name

Vice President  
\_\_\_\_\_  
Title

5/30/2008  
\_\_\_\_\_  
Date

# Introduction of Multistate Water Exclusion Endorsements

## About This Filing

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This filing introduces endorsements to replace the current Water Exclusion in ISO policies for the Homeowners Policy Program.

### New Forms

We are introducing:

- ◆ HO 16 09 01 09, Water Exclusion Endorsement (For Use With Forms HO 00 02, HO 00 04, HO 00 06 And HO 00 08); and
- ◆ HO 16 10 01 09, Water Exclusion Endorsement (For Use With Forms HO 00 03 And HO 00 05).

### Revised Form

We are revising HO 04 95 10 00, Water Back-Up And Sump Discharge Or Overflow.

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the 10 00 edition to the 01 09 edition. Concurrent with implementation, the 01 09 edition will supersede the 10 00 edition.

## Related Filing(s)

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Filing HO-2008-OHPRU contains the related rules filing.

## Background

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In *In re Katrina Canal Breaches Litigation*, 466 F. Supp. 2d 729 (E.D.La. 2006), the United States District Court for the Eastern District of Louisiana examined the applicability of water damage exclusions, which contained the undefined term "flood", in several different homeowners insurance policies. With respect to the applicability of the exclusion(s) to the damage(s) at issue in this case, the court stated, in part:

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*It is the considered opinion of this Court that because the policies are all-risk, and because "flood" has numerous definitions, it reasonably could be limited to natural occurrences. Simply put, the language of the ISO Water Damage Exclusion chosen by the insurer is unclear. Indeed, the broad definition defendants seek to employ—that is that the term "flood" means the inundation of usually dry land by water—makes the remaining part of the exclusion superfluous. The ensuing words "waves, tidal water, overflow of a body of water or spray from any of these, whether or not driven by wind" all are instances relating to natural events which can cause inundation of usually dry land. Thus, to use the broadest definition of the term "flood" in interpreting the exclusion, would render the rest of the clause useless.*

Subsequently, the United States Fifth Circuit Court of Appeals overturned, in part, the decision of the Eastern District Court in *In re Katrina Canal Breaches Litigation*, 495 F.3d 191 (5th Cir. 2007), *cert. denied*, 128 S. Ct. 1230 and *cert. denied*, 128 S. Ct. 1231 (2008). In its ruling, the court stated, in part:

*In sum, we conclude that the flood exclusions in the plaintiffs' policies are unambiguous in the context of the facts of this case. In the midst of a hurricane, three canals running through the city of New Orleans overflowed their normal boundaries. The flood control measures, i.e., levees, that man had put in place to prevent the canal's floodwaters from reaching the city failed. The result was an enormous and devastating inundation of water into the city, damaging the plaintiffs' property. This event was a "flood" within that terms' generally prevailing meaning as used in the common parlance, and our interpretation of the exclusions ends there. The flood is unambiguously excluded from coverage under the plaintiffs' all-risk policies, and the district court's conclusion to the contrary was erroneous.*

More recently, the Louisiana Supreme Court, in *Sher v. Lafayette Ins. Co.*, No 07-C-2441 (consolidated with 07-C-2443), 2008 WL 928486 (La. Apr. 08, 2008), reversed a lower court's ruling that found the word "flood" ambiguous in the water exclusion of a commercial all-risk policy covering a five-unit apartment building. In its ruling, the court stated, in part:

*The term flood is not defined in the policy. In such a case, the word, should, as stated above [elsewhere in the decision], be given its plain, ordinary and generally prevailing meaning ...*

*The plain, ordinary and generally prevailing meaning of the word "flood" is the overflow of a body of water causing a large amount of water to cover an area that is usually dry. This definition does not depend on locality, culture or even national origin – the entire English speaking world recognizes that a flood is the overflow of a body of water*

*causing a large amount of water to cover an area that is usually dry land. Contrary to the court of appeal's reasoning, this definition does not change or depend on whether the event is a natural disaster or a man-made one – in either case, a large amount of water covers an area that is usually dry. The plain, ordinary and generally prevailing meaning is all-inclusive. Further, of the examples of high water contained in the exclusion and described by the court of appeal as "natural disasters", only one, tides, is exclusively natural – waves, tidal waves, and the overflow of water may either be natural or man-made, [FN2] as may be "floods" ...*

*[FN2. Waves may be caused by high wind, boats, or even cars driven in high water. Tidal waves are caused by seismic events, such as earthquakes, underwater landslides (which may be natural or man-made), or underground nuclear testing. Water may overflow its natural boundaries because of seasonal rising of the water level, damming, levee breakage, or other natural and man-made causes.]*

*Furthermore, use of the restrictive definition would lead to absurd results. Using the court of appeal's definition, a homeowner whose house is located outside a protective levee would be excluded from recovering flood damages to his property, while a homeowner whose house is located inside the levee system would be able to recover under the same policy for the same flood water simply because it flowed through a breach in the levee.*

## **Explanation of Changes**

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After considering the issues raised in recent litigation surrounding the water damage exclusion and to reinforce the scope of the provision, we are introducing endorsements **HO 16 09 01 09** and **HO 16 10 01 09**, Water Exclusion Endorsement, which will replace the current water damage exclusions found in the base Homeowners policies.

The endorsements introduce:

- ◆ Revised language reinforcing the scope of the water exclusion regardless of the cause, that is, water damage caused by an act of nature or otherwise caused. Specific mention is made of various boundary or containment systems such as dams and levees to further highlight this point;
- ◆ Additional references including references to tsunami and storm surge, in order to reinforce the application of the exclusion with respect to such events; and

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- ◆ A revised reference to waterborne material which has been positioned to apply uniformly to all aspects of the exclusion.

Additionally, we have made minor editorial changes.

We have also revised **HO 04 95, Water Back Up And Sump Discharge Or Overflow**, to reflect the changes that we have made to the water damage exclusion.

These revisions will be incorporated into the base policy forms with the next general revision to the Homeowners Policy Program.

## Copyright Explanation

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## Important Note

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Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO policy forms and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of policy intent nor opinions expressed by ISO's staff necessarily reflect every insurer's view or control any insurer's determination of coverage for a specific claim. ISO does not intercede in coverage disputes arising from insurance policies. If there is any conflict between a form and any other part of the attached material, the provisions of the form apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## WATER EXCLUSION ENDORSEMENT

### SECTION I – EXCLUSIONS

3. **Water Damage** is replaced by the following:

**3. Water**

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this Exclusion.

This Exclusion (3.) applies regardless of whether any of the above, in 3.a. through 3.d., is caused by an act of nature or is otherwise caused.

This Exclusion (3.) applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in 3.a. through 3.d., is covered.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## WATER EXCLUSION ENDORSEMENT

### SECTION I – EXCLUSIONS

**A.3. Water Damage** is replaced by the following:

#### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

d. Waterborne material carried or otherwise moved by any of the water referred to in A.3.a. through A.3.c. of this Exclusion.

This Exclusion (A.3.) applies regardless of whether any of the above, in A.3.a. through A.3.d., is caused by an act of nature or is otherwise caused.

This Exclusion (A.3.) applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in A.3.a. through A.3.d., is covered.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW

### A. Coverage

We insure, up to \$5,000, for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water, or waterborne material, which:

1. Backs up through sewers or drains; or
2. Overflows or is discharged from a:
  - a. Sump, sump pump; or
  - b. Related equipment;
 even if such overflow or discharge results from mechanical breakdown. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown.

This coverage does not increase the limits of liability for Coverages A, B, C or D stated in the Declarations.

### B. Section I - Perils Insured Against

With respect to the coverage described in A. above, Paragraphs:

- A.2.c.(6)(b) in Form HO 00 03;
- A.2.e.(2) in Form HO 00 05;
- 2.j.(2) in Endorsement HO 05 24;
- 3.j.(2) in Endorsement HO 17 31; and
- 2.c.(6)(b) in Endorsement HO 17 32;

~~are~~ is deleted and replaced by the following:

Latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

### C. Special Deductible

The following replaces any other deductible provision in this policy with respect to loss covered under this endorsement.

We will pay only that part of the total of all loss payable under Section I that exceeds \$250. No other deductible applies to this coverage. This deductible does not apply with respect to Coverage D - Loss of Use.

### D. Exclusion

The ~~Water Damage~~ ~~exclusion~~ is deleted and replaced by the following:

~~Water Damage, meaning~~ Water

This means:

- a1. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b2. Water, ~~or water-borne material,~~ which:
  - (1a.) Backs up through sewers or drains; or
  - (2b.) Overflows or is otherwise discharged from a sump, sump pump or related equipment; as a direct or indirect result of flood; or
- e3. ~~Water, or water-borne material,~~ below the surface of the ground, including water which
  - (1) ~~Exerts pressure on,~~ or
  - (2) ~~sSeeps, or leaks or flows~~ through; a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or caused by ~~or resulting from human or animal forces or any act of nature.~~
4. Waterborne material carried or otherwise moved by any of the water referred to in D.1. through D.3. of this Exclusion.

This Exclusion applies regardless of whether any of the above, in D.1. through D.4., is caused by an act of nature or is otherwise caused.

This Exclusion applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, ~~D~~direct loss by fire, or explosion or theft resulting from any of the above, in D.1. through D.4., ~~water damage~~ is covered.

All other provisions of this policy apply.

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